

HJR

32



# Board of Storage Tank Assistance

Walter J. Hickel, Governor

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## POSITION PAPER

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**IN SUPPORT OF:**

House Joint Resolution No. 32 (HJR32)

By the House Special Committee on Oil and Gas

**SUBJECT:**

Relating to Underground Petroleum Storage Tanks

A request by the Alaska State Legislature to the EPA for a delay in implementing the October 26, 1991 financial responsibility requirement.


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The Board of Storage Tank Assistance wholeheartedly supports House Joint Resolution Number 32 pertaining to underground petroleum storage tanks. The Board recognizes the concerns of Alaskan underground petroleum storage tank owners and operators in regard to the October 26, 1991 deadline for meeting the EPA financial responsibility requirement. Although insurance is steadily becoming available, thereby enabling owners and operators to meet the federal financial responsibility requirement, the insurance is limited to only those owners and operators demonstrating their site is free from petroleum contamination.

Although a new state program has been implemented to assist owners and operators determine the extent and subsequently clean up contamination resulting from underground petroleum storage tanks, a considerable amount of time and effort will need to be invested to achieve that goal. Underground petroleum storage tank owners and operators in Alaska will need time to participate in this program, time to determine the scope of the problem and time to mitigate the problem. It is absolutely imperative that underground petroleum storage tank owners and operators be allowed an opportunity to clean up their sites to become insurable, without persecution from EPA. The state underground petroleum storage tank program is based on the premise of technical, educational, and financial assistance. House Joint Resolution Number 32 is consistent in that aim.

Dated: April 5, 1991

For and on behalf of the  
BOARD OF STORAGE TANK ASSISTANCE,

  
John C. Barnett, Executive Director

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

April 4, 1991

**BILL NUMBER:** HJR 32 by House Oil and Gas Committee

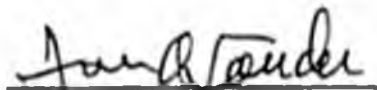
**TITLE:** Relating to regulation of underground petroleum storage tanks

**DEPARTMENT POSITION:** Support

**ANALYSIS:** This Resolution would ask that the Environmental Protection Agency (EPA) delay for one year implementation of it's final phase-in of the financial responsibility requirements for UST owners and operators. Currently, owners and operators of 13-99 tanks will have to demonstrate \$ 1 million in financial responsibility for releases associated with their tanks by April 26, 1991. Owners and operators of 1-12 tanks will have to meet that requirement on October 26, 1991.

Alaska's UST program became effective on March 25, 1991, and tank owners and operators are still in the process of assessing their pollution potential. Of particular concern is the small tank owner's ability to meet the requirement. Given the State's short construction season, it is doubtful these tank owners and operators will be able to complete such assessment by October 26.

The Legislature has also discussed finding an alternative funding source for the UST assistance program, one that could be approved by the EPA. Alaska would then have a State assurance or trust fund which would meet the EPA's financial responsibility requirements for all Alaskan owned and operated USTs. The additional year sought by this Resolution would give the State time to find such a funding source.



John A. Sandor  
Commissioner

**FISCAL NOTE**

**STATE OF ALASKA**  
**1991 LEGISLATIVE SESSION**

BILL NO. HJR 32

Revision Date: \_\_\_\_\_  
 Title: EPA's regulation of underground storage tanks  
 Sponsor: (H) Oil and Gas  
 Requestor: (H) Oil and Gas

Department Affected: DEC  
 BRU: Environmental Quality  
 Component: EQ Projects

COMPONENT SERIAL NO. 

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**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL						
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REVENUE						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

**Estimate of current year impact:**

**ANALYSIS:** (Attach a separate page if necessary.)

Prepared by: Janice Adair  
 Division: Commissioner's Office

Phone: 4/8/91  
 Date: 465-2600

Approved by Commissioner: *John A. Seider*  
 Agency: Environmental Conservation

Date: 4/8/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

Official Business

*Special Committee on Oil and Gas*  
Bill Hudson - Chairman

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

April 19, 1991

The Honorable Cliff Davidson  
Chairman  
House Resources Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Dear Mr. Chairman:

The House Special Committee on Oil and Gas reported HJR 32 out of committee on April 5, 1991. Consideration of this resolution this session is critical. Through an oversight, this request was not made sooner and does not reflect on the importance of this resolution.

As part of regulations adopted in 1986, the Environmental Protection Agency (EPA) mandated that all petroleum underground tank owners and operators demonstrate a minimum of \$1,000,000 in financial responsibility by October 26, 1991. The problem that has arisen, however, is that most tank owners have some degree of contamination and as a result are unable to meet the financial responsibility requirements.

The Sixteenth Legislature enacted AS 46.03.360 - 46.03.450 with the intent of helping owners meet the financial requirements. In order to do so, it is necessary to determine the scope of the problem and begin to mitigate it.

The Committee believes that it is critical that tank owners be given the opportunity to clean up their sites prior to trying to obtain the required financial responsibility. Most tank owners are in the early stages of this process and due to the short construction season will probably not be able to complete this process prior to October 26, 1991.

The Honorable Cliff Davidson  
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For this reason, the House Special Committee on Oil and Gas introduced HJR 32 requesting the EPA to delay implementation of the financial responsibility requirements for one year in Alaska. This resolution is supported wholeheartedly by the Alaska Department of Environmental Conservation, the Board of Storage Tank Assistance and the Alaska Tank Owners and Operators Association. I know of no opposition to this resolution and for that reason I ask for its quick consideration.

Respectfully,



Bill Hudson  
Chairman  
House Special Committee on Oil and Gas